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United States Senate

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250
December 19, 2005

MICHAEL D. BOPP, STAFF DIRECTOR AND CHIEF COUNSEL
JOYCE A. RECHTSCHAFFEN, MINORITY STAFF DIRECTOR AND COUNSEL

Thomas Dumaesq
Chief Financial Officer
Small Business Administration
409 3rd Street, SW, Suite 6000
Washington, DC 20416

Dear Mr. Dumaesq:

We are writing in regard to SBA's compliance with the Improper Payments Information Act of 2002 (IPIA). The latest estimates from your agency show that the 7(a) guaranty purchase program is initially estimated to have an improper payment rate of 5.2 % on purchases of \$605 million in fiscal year 2005. As part of our oversight of the effectiveness and efficiency of Federal financial management, our Subcommittee needs to have the best data available so that we know what work on improper payments remains to be done. The ultimate goal is to eliminate improper payments in federal agencies and illustrate impeccable stewardship of taxpayer dollars.

Please detail the following for the 7(a) guaranty purchase program:

- 1) The steps that you have taken over the last 3 years to estimate and lower improper payments;
- 2) What steps you plan to take in the current and future fiscal years including specific goals for reductions;
- 3) What, if any, incentives are currently in place to encourage reporting of improper payments;
- 4) Challenges your agency faces in meeting IPIA requirements;
- 5) Ways in which Congress can help you meet the goals that you have set;
- 6) Why SBA is unable to provide a firm improper payment estimate for this program; and
- 7) The corrective action plan required in PL 31 U.S.C. 3321 note, Public Law 107-300, to address improper payments.

Please provide and return the requested information to

Liz Scranton, Chief Clerk
Subcommittee on Federal Financial Management, Government Information, and International Security
Homeland Security and Governmental Affairs
439 Hart Senate Office Building
Washington, DC 20510

Please contact Robin Landauer with Senator Coburn's staff at 202.224.2254 or John Kilvington with Senator Carper's staff at 202.224.7061 with any questions you may have.

Sincerely,



Tom Coburn
Chairman
Subcommittee on Federal Financial Management,
Government Information, and International Security



Tom Carper
Ranking Member
Subcommittee on Federal Financial Management,
Government Information, and International Security